



MINNESOTA SPORTS FACILITIES AUTHORITY MEETING AGENDA

Friday, August 17, 2018, 9:00 A.M.

U.S. Bank Stadium Medtronic Club
1005 4th Street South, Minneapolis, MN 55415

1. CALL TO ORDER
2. APPROVAL OF PRIOR MEETING MINUTES – JUNE 28, 2018
3. BUSINESS
 - a. Action Items
 - i. **Approve SMG Contract Amendment**
 - ii. **Approve Hammes Contract Extension**
 - iii. **Approve Property Insurance Program**
 - iv. **Approve Sale of Surplus Equipment**
 - b. Reports
 - i. Executive Director's Report
 - a. Fleet Farm Ramp Trust Account Update
 - b. Direct TV Equipment Procurement
 - c. SMG Capital Project Update
 - ii. Patrick Talty Stadium Event Update
 - c. September Board meeting date change
4. PUBLIC COMMENTS
5. DISCUSSION
6. ANNOUNCEMENT OF NEXT MEETING – SEPTEMBER DATE CHANGE
7. ADJOURNMENT

***Items in bold require action**



MINNESOTA SPORTS FACILITIES AUTHORITY
Meeting Minutes – June 28, 2018 at 8:00 A.M.
U.S. Bank Stadium Medtronic Club
1005 South 4th Street
Minneapolis, MN 55415

1. CALL TO ORDER

Chair Vekich called the meeting of the Minnesota Sports Facilities Authority (“MSFA” or “Authority”) to order at 8:00 A.M.

2. ROLL CALL

Commissioners present: Chair Michael Vekich, Barbara Butts Williams, Bill McCarthy, and Laura Bishop
Commissioners absent: Tony Sertich

3. APPROVAL OF MEETING MINUTES – May 18, 2018. *See, Exhibit A.*

4. PRESENTATIONS

a. Kate Mortenson, President and CEO of the 2019 NCAA Final Four Local Organizing Committee (MLOC) gave a presentation updating the board about the activities outside of the stadium. Ms. Mortenson stated that the goals of the MLOC are to deliver all the events with excellence, earn future opportunities with the NCAA, and create a lasting impact in Minnesota. She stated that only ten facilities in the country are able to host the NCAA Final Four, and only five of those facilities in in the heart of downtown, including Minneapolis. With the unique and ideal location for such a large event, Ms. Mortenson believes that the Final Four could return to Minneapolis within 7-9 years. Ms. Mortenson then gave a brief history of the creation of the MLOC. In late 2014, a non-profit, the Minnesota Sports Corporation, was formed to foster amateur athletic competition and educational activities for youth. They then opened their office in 2017, and within 17 months, their office grew from staffing two employees to ten. Ms. Mortenson stated that their business operations are growing, and that 68% of the contracts and service providers are diverse-owned. Ms. Mortenson then discussed the economic impact of the Final Four within the community, and it is estimated that over 90,000 people will visit Minneapolis, generating roughly \$142 million in profit, and \$23 million in state and local taxes. Ms. Mortenson also discussed their community outreach program with youth education, and their

participation in ice cream socials, the special Olympics, Pride Festivals, and the MSP summer intern program. Ms. Mortenson noted that the MLOC's has experience with US Bank Stadium, and that the partners have shown high competence and professionalism. Ms. Mortenson stated that the MLOC plans on bringing a unique Minnesotan Final Four to life, and the Final Four will pioneer Minnesota for future large events. Lastly, Ms. Mortenson stated that with economic impact, education programming, and Fan Jam activities, the MLOC strongly believes they are enacting the public purpose of US Bank Stadium across the entire state of Minnesota.

Chair Vekich asked Ms. Mortenson about the Final Four planning kickoff, and Ms. Mortenson stated that the MLOC has three executive briefings scheduled, and leaders from the community will attend to learn about the MLOC's plans and visions for the Final Four. Ms. Mortenson noted that the MLOC has received positive feedback about timing, and they are on track to be ready for the Final Four in March.

Commissioner Butts Williams thanked Ms. Mortenson for her update and asked if the youth programs will continue once the Final Four is over. Ms. Mortenson stated that just like the Super Bowl Host Committee, the MOC picked a theme, "MN Way." She noted that she hopes the MLOC's work on the youth program will be continued when other large events come to Minneapolis. Ms. Mortenson said that they are keeping statistics about the youth program and will record and report the statistics.

Chair Vekich stated that there is a lot of planning and details that go into the Final Four, and that the MLOC has been diligent. He announced that the MLOC and the MSFA are in the process of negotiating a contract between the NCAA/ the Authority/SMG and the Authority/SMG and the MLOC, and that drafts have been exchanged and should be done within the near future.

b. Patrick Talty, General Manager of SMG, gave a presentation regarding the stadium's preparation for the NCAA's Final Four. See, Exhibit B.

Chair Vekich noted that Patrick Talty and SMG have many years of experience with the NCAA Final Four, and asked Mr. Talty to elaborate on their success with past Final Four events. Mr. Talty stated that he has personally worked two NCAA Final Four events and has a 20-year friendship with the NCAA planning staff. He noted that the last three Final Fours have been hosted in SMG run stadiums, and that they have been incredibly successful. Mr. Talty then explained that he has sent Minneapolis staff members to the last four Final Fours in order to gain experience with planning, logistics, and security.

Chair Vekich stated that transportation during the Final Four may be an issue as 35W and other major streets in the downtown area will be closed. Chair Vekich asked Mr. Talty to elaborate on this issue, and to explain how the transportation challenge will be handled. Mr. Talty stated Minneapolis is a unique spot for the Final Four as it is located in the middle of a major city's downtown area which has many hotels within walking distance to the stadium. The City, SMG, and the NCAA are currently working on a transportation plan, and that busses and the lightrail are essential in making the transportation for the Final Four run smoothly. Ms. Mortenson stated that because this is a tournament, after a team is

eliminated, many fans will leave the city which will cut down on traffic. She noted that public transportation is critical during the final four, and that people are encouraged to stay downtown.

Chair Vekich asked Mr. Talty about how the attendance from the Super Bowl compares to the attendance of the Final Four, and Mr. Talty stated that the Final Four will have 6,000 more attendees.

Commissioner Bishop asked Mr. Talty to explain the process of adding the large scoreboard above center court, and Mr. Talty stated temporary rigging will be installed on the truss of the roof, which will hold and support the hanging of the large scoreboard.

Commissioner Butts Williams asked Mr. Talty if he is aware of any other large events within the Twin Cities during the Final Four weekend, and how that may impact the event. Mr. Talty stated that the only event that may conflict with the Final Four would be a Minnesota Timberwolves basketball game, but strongly believes that will not take away from the Final Four festivities.

Chair Vekich stated that the NCAA is debating selling beer and wine at the Final Four, and that the NCAA executive committees will be voting on the issue soon.

c. Patrick Talty, General Manager of SMG, gave a presentation regarding the stadium's darkening solution for the NCAA's Final Four, and announced that both bluemia and Chicago Flyhouse were selected to design and implement the blackout curtains. See, Exhibit C.

Chair Vekich stated that the NCAA requires that blackout curtains be installed in order to qualify for hosting the Final Four. He noted that the darkening solution will not only be used for the Final Four, but used for non-basketball events. Chair Vekich stated that the darkening solution is a great asset for the stadium which will help the stadium book many future events due to its versatility. He then called upon Mr. Talty and Curtis Schmillen, SMG's Director of Operations, to answer any questions the board may have with regards to the darkening solution.

Commissioner Butts Williams asked how the MSFA and SMG will maintain the systems, and Mr. Talty stated that the curtains are being designed to be low maintenance. However, because the curtains will not be used every day, they will need to be removed and put into storage. Chair Vekich asked Mr. Schmillen how much fabric will be used in the blackout curtains, and where they expect to store the curtains when they are not in use. Mr. Schmillen stated that there is over 460,000 square feet of fabric, and that at the moment, no storage plan has been finalized.

Commissioner Butts Williams asked Mr. Talty why they did not install an automatic system, and Mr. Talty explained that because the curtains will not be used frequently, it would save time and money by using manual tracks. Commissioner Butts Williams asked if any special skills are needed to operate the curtains manually, and Mr. Talty stated that there are professionals needed, but that it is low maintenance.

Commissioner McCarthy asked why the MSFA decided to use two different vendors, and Mr. Talty explained that because the process is so detailed and unique, they believed selecting two separate

vendors would be beneficial. Mr. Schmillen also stated that using two companies provides more labor resources. Due to the stadium being so busy, the professionals may need to install the darkening solution system overnights and on weekends.

Jared Smith, CEO of bluemia, approached the board and stated that they did not think it would be possible to create a system to block out the roof due to the complexity. There were already brackets on the roof structure, and bluemia was able to replicate a similar bracket that locks them together. With those brackets in place, bluemia was able to create a 340-foot track that will pull the curtains across the ETFE and block out the sunlight. Mr. Smith explained that the top half of the curtain is black to block out sunlight, and the other side of the curtain is white, which will help make the stadium more energy efficient.

Commissioner Butts Williams asked Mr. Talty if there is risk mitigation strategy, and Mr. Talty stated that both Chicago Flyhouse and bluemia have a safety plan for their workers and contractors. Because it is a level three rigger, there are lots of training and protocols, which was set by the international safety board. Commissioner Butts Williams then asked if the MSFA would own all the curtains and the rigging system, and Mr. Talty confirmed that the MSFA would own 100%. Commissioner Butts Williams asked Mr. Schmillen if there are roof warranties and insurance for the blackout curtain project, and Mr. Schmillen explained that Vector Foiltec, the roof manufacturer, has been involved in this process and they hold insurance as well.

Chair Vekich asked Mr. Smith if there are any other safety concerns that should be considered, and Mr. Smith stated that the installers are professionals and have been trained with the highest level of safety. Therefore, he does not see any other safety concerns. Chair Vekich then called upon Mark Witteveen From Chicago Flyhouse about their safety plan. Mr. Witteveen stated that Chicago Flyhouse's top priority is safety. He explained that they also use drones to inspect the dangerous portions of the rigging system in order to prevent injuries or casualties.

Mr. Vekich thanked Mr. Talty, Mr. Schmillen, Mr. Smith, and Mr. Witteveen for the presentation. He stated this is large capital investment, and the flexibility that comes with the darkening solution will be beneficial for the stadium.

5. **BUSINESS**

a. Action Items

i. Approve Negotiation and Execution of Contracts – Darkening Solution

James Farstad, the MSFA's Executive Director, stated that on February 6, 2018, the MSFA issued a request for proposals seeking vendors to design, coordinate, supply, construct, install, commission, and test a darkening solution for U.S. Bank Stadium. The system is intended to blackout the various windows and doors, as required by the Final Four, on a temporary and reusable basis. He announced that the project will be split between two companies, bluemia LLC and Chicago Flyhouse. See, Exhibit D.

Commissioner McCarthy moved and Commissioner Bishop seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board authorizes the Chair and the Executive Director to negotiate and execute a contract with bluemedial, Inc. and Chicago Flyhouse, for an estimated project amount of \$5,200,000. Any remaining uncommitted funds may be used for other capital projects.

ii. Approve Revisions to Procedures for Planning and Procurement – Capital Enhancements

Mr. Farstad stated that Over the last several months, staff has been engaged in a continuous improvement process to increase efficiency of the procurement process. He explained that revisions to the Capital Procedures will be required to implement and maintain these efficiency objectives. See, Exhibit E.

Commissioner Bishop moved and Commissioner Butts Williams seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board delegates to the Chair and the Executive Director the authority to make revisions to the Capital Procedures, as long as such revisions are consistent with the Board-adopted Procurement Policy.

iii. Approve FY 2019 Salary Increases

Mr. Farstad stated that the MSFA's human resources consultant, Sara Noah, researched salary data to assist in the recommendation for FY2018-2019 salary increases. Based on the research data, it was recommended that the FY2018-2019 MSFA staff salaries be adjusted. See, Exhibit F.

Commissioner Butts Williams inquired if the additional increase and title change for the Finance Assistant reflects a promotion, and she also inquired if the additional increase for the Project Coordinator's position also reflects a promotion. Mr. Farstad stated that Ms. Noah researched comparable salaries for the positions and recommended the salary ranges, and that both positions were considered promotions due to the new job duties that were added.

Commissioner McCarthy inquired if the salary increases applied to the Chair and Executive Director position, and if they do not, why are they not qualified? Chair Vekich stated that the Executive Director's salary was set by the board for a one-year period. Commissioner McCarthy suggested that the board review the Chair's salary, as the work load is high, and Chair Vekich stated that the MSFA will look into his suggestion and present the board with options.

Commissioner McCarthy moved and Commissioner Bishop seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA approves a salary structure increase of 3% for the four MSFA staff positions listed above, and an additional increase of 4% for the promotion of the Finance Assistant to the Accountant position and an additional increase of 3.5% for promotion of the Project Coordinator position, effective July 1, 2018.

iv. Approve MSFA FY 2018-2019 Budget

Mary Fox-Stroman, the MSFA's Director of Finance, and Justin Ronning, SMG's Director of Finance, presented the 2018-2019 budget as well as U.S. Bank Stadium's operating budget. See, Exhibit G.

Chair Vekich noted that the \$1.8 million contribution from the MLOC was included in the capital reserve budget and included in the contract draft with the MLOC. Negotiations with the MLOC are ongoing.

Commissioner Butts Williams moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board adopts the attached 2018-2019 Budget for the fiscal period from July 1, 2018 through June 30, 2019 for the operating account, the capital reserve account, and the concession capital reserve account. The MSFA authorizes the Chair and the Executive Director to make adjustments to the detailed revenue and expense budget lines within the operating account budget and to adjust the project budgets within the capital reserve project budget and concession capital project budget.

v. Approve Contract – Professional Audit Services – CliftonLarsonAllen, LLP

Mr. Farstad stated that in the spring of 2018, Chair Vekich met with staff from the Minnesota Office of the Legislative Auditor (OLA), who determined that the MSFA should engage a private independent audit firm to conduct the audit. The OLA plans to review the MSFA's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2018 and future years reports including the independent audit report. See, Exhibit H.

Chris Knopik, Principal at CliftonLarsonAllen, LLP spoke to the board about his past experience. He stated that he will be the lead engagement principal for the MSFA audit, and he has 15 years of experience in government auditing. Mr. Knopik has worked with numerous universities and cities within the state of Minnesota, and CliftonLarsonAllen, LLP has done audit work for over 2,100 government entities around the country.

Chair Vekich asked Ms. Fox-Stroman how many companies submitted proposals for the Audit Services Request for Proposal, and Ms. Fox-Stroman stated that three companies bid for the work. She also stated that CliftonLarsonAllen, LLP was less expensive than the other proposers.

Commissioner Bishop moved and Commissioner McCarthy seconded the motion to approve the following recommended motion, which was unanimously adopted:

The MSFA Board authorizes the Chair and the Executive Director to execute a contract with CliftonLarsonAllen LLP for a contract amount of \$159,375 for professional audit services for a three-year commitment for MSFA's fiscal years-ending June 30, 2018, June 30, 2019, and June 30, 2020.

b. Report Items

i. 3rd Quarter Budget Report – March 31, 2018

Ms. Fox-Stroman and Mr. Ronning presented the 3rd Quarter Budget report. See, [Exhibit I](#).

Chair Vekich asked Ms. Fox-Stroman if she believes there will be any surprises in the near future, and Ms. Fox-Stroman confirmed that she does not expect any issues or surprises on the budget.

Commissioner Butts Williams inquired about the cancellation of the Justin Bieber concert, and asked Mr. Ronning if that impacted the budget. Mr. Ronning stated that there was a budgetary impact due to cancellation of the Justin Bieber concert and that revenues for this year were lower than anticipated.

ii. Executive Director Report

Mr. Farstad reported on the recent capital projects and noted that the MSFA has finished a substantial number of projects that needed to be complete by the beginning of the Minnesota Vikings season. He stated that the majority of the projects have been completed before schedule or on time, and many purchase orders have been issued. Some of the completed projects include: electrical services procurement, food services equipment, food safety, cocktail dispensing system, refrigeration equipment, the design and implementation of concession signage, furniture procurement (70% complete), suites construction, NFL benches, charging stations, and smallwares procurement. He stated that the MSFA, SMG, and the Minnesota Vikings are also collaborating with the design and build out of the mother's suite. This room is designed for mothers and individuals who may need a quiet space for game days along with other stadium events.

Chair Vekich thanked Mr. Farstad for all his work and his leadership with these projects.

5. **PUBLIC COMMENT / DISCUSSION**

There were no public comments.

6. **ANNOUNCEMENT OF NEXT MEETING**

Chair Vekich announced that the next MSFA meeting will be held July 13, 2018, at 9:00 A.M. at the Minneapolis Central Hennepin County Library: 300 Nicollet Mall, Minneapolis, MN.

7. **ADJOURNMENT**

There being no further business to come before the MSFA, the meeting was adjourned at 10:30 A.M.

Approved and adopted the 17th day of August 2018, by the Minnesota Sports Facilities Authority

Tony Sertich, Secretary/Treasurer

James Farstad, Executive Director



August 17, 2018

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: Approve Second Amendment to the Management and Pre-Opening Services Agreement with SMG

The MSFA entered into the Management and Pre-Opening Services Agreement on August 22, 2014 with SMG to provide management and pre-opening services for U.S. Bank Stadium. Then on June 30, 2016 the parties entered into the First Amendment to clarify the timing of the services provided by SMG and to amend the compensation due and payable to SMG. The MSFA now desires to further revise the Agreement to change the MSFA's fiscal year and amend certain provisions affected by the MSFA's change in fiscal year.

Recommended Motion: *The MSFA authorizes the Chair and Executive Director to negotiate and execute the Second Amendment to the Management and Pre-Opening Services Agreement with SMG.*



August 17, 2018

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director

SUBJECT: Approve Amendment No. 9 to Owner's Representative Agreement with Hammes Company Sports Development, Inc.

The MSFA entered into the Owner's Representative Agreement with Hammes Company Sports Development, Inc. (Hammes Company) on August 5, 2012, to provide organization, personnel, coordination and administration services for various aspects of the development and construction of U.S. Bank Stadium. Hammes Company's basic services were completed as of October 31, 2016 and since then they have provided additional services. The MSFA continues to need Hammes Company's additional services for the final project close-out tasks, issue resolution, and financial reporting. Staff desires to extend the agreement with Hammes Company on an hourly fee and month-to-month basis

Recommended Motion: *The MSFA authorizes the Chair and Executive Director to negotiate and execute Amendment No. 9 to the Owner's Representative Agreement with Hammes Company Sports Development, Inc. for additional services on an hourly fee and month-to-month basis.*



August 17, 2018

MEMORANDUM

TO: MSFA Commissioners

FROM: James Farstad, Executive Director
Mary Fox-Stroman, Director of Finance

SUBJECT: Approve 2018-2019 Property Insurance Program

Staff presented the 2018-2019 casualty insurance program to the Minnesota Sports Facilities Authority (MSFA) on May 18, 2018. Today we are presenting the property insurance program.

Willis Towers Watson originally marketed the property policy for U.S. Bank Stadium for the policy period from September 18, 2016 to September 18, 2017. AIG offered the best quote and included a three year pricing commitment in their quote. The premium for the first policy year was \$320,000 for a total insurable value of \$941,060,171 and the premium for the second policy year was \$337,321 for a total insurable value of \$992,892,353.

AIG offered a proposal for the third policy year for an estimated premium of \$378,116 including broker fees for the policy period from September 18, 2018 to September 18, 2019. This premium is based on a guaranteed rate which was agreed upon as a part of the terms and conditions bound on September 18, 2016. For the 2018-2019 policy year the total insurable values are \$1,114,776,071. The overall policy limit is \$1.2 billion which includes real and personal property and business interruption coverage with a deductible of \$100,000 per occurrence. This policy also includes boiler and machinery equipment and terrorism coverage. Terrorism insurance coverage is included in the property program subject to the full policy limit of \$1.2 billion.

Recommended Motion: *The MSFA authorizes the Chair and Executive Director to finalize negotiations and execute contracts for the property insurance program at U.S. Bank Stadium.*



August 17, 2018

MEMORANDUM

TO: MSFA Commissioners
FROM: James Farstad, Executive Director
SUBJECT: Sale of Surplus Equipment

As we begin U.S. Bank Stadium's third year of operation, we continue to streamline food and beverage offerings and services. Therefore, we are working to minimize surplus concessions equipment and small wares that are no longer required to support foodservice operations. The MSFA wishes to sell this excess equipment, in the same manner that we sold excess construction equipment and other items associated with the Metrodome in 2017.

As we have discussed at previous board meetings, storage space is also at a premium in the stadium, and the sale of this equipment would make valuable storage space available on the event level and other areas throughout the stadium.

Staff is requesting that the board approve a sealed bid auction of this concession equipment and small wares. The auction would be advertised in the state register and would also be posted on the MSFA's website, www.msfa.com.

Recommended Motion: *The MSFA authorizes the Executive Director to conduct a sealed bid auction to dispose of surplus concession equipment and smallwares.*